

Message Text

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PAGE 01 CARACA 03707 082013Z

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E.O. 11652: GDS

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SUBJECT: SPECIAL NATIONAL INTELLIGENCE ESTIMATE (SNIE)
ON PANAMA

REF: STATE 71284

BEGIN SUMMARY. PRESIDENT PEREZ STRONGLY SUPPORTS PANAMA'S INTERESTS IN THE CANAL TREATY NEGOTIATIONS, AND HE HAS STATED HE WANTS A TREATY SATISFACTORY TO PANAMA SOON. IF THIS DOES NOT MATERIALIZE, WE CAN EXPECT PEREZ VIGOROUSLY TO EXPLOIT THE ISSUE AGAINST THE US, MUCH AS HE DID THE US TRADE ACT, IN ORDER TO FURTHER VENEZUELA'S CURRENT DRIVE TOWARD LEADERSHIP IN LATIN AMERICAN POLITICAL AND ECONOMIC AFFAIRS AND EXPANSION OF ITS INFLUENCE IN THE THIRD WORLD. END SUMMARY.

1. AS THE DEPARTMENT IS AWARE, PRESIDENT CARLOS ANDRES PEREZ AND THE GOV HAVE LONG VIGOROUSLY SUPPORTED GENERAL TORRIJOS AND THE GOP IN THEIR ASPIRATIONS IN US-PANAMANIAN CANAL TREATY NEGOTIATIONS. PRESIDENT PEREZ PLAYED AN AGGRESSIVE ROLE IN LAST MONTH'S PRESIDENTS' MEETING IN PANAMA WHICH PRODUCED THE "DECLARATION OF PANAMA," WHICH REAFFIRMED VENEZUELA'S "FULL SUPPORT" FOR THE "JUST PANAMANIAN ASPIRATIONS IN THE PANAMA CANAL QUESTION." AS REPORTED IN PANAMA 1683, PEREZ DESCRIBED THE PANAMA CANAL AS AN "INSTRUMENT FOR LATIN INTEGRATION OVER WHICH PANAMA MUST BE SOVEREIGN," AND REFERRED TO THE 1976 BOLIVARIAN CELEBRATIONS AS AN OPPORTUNITY, OR EVEN A CHALLENGE, FOR THE US "TO REAFFIRM THE BELIEFS OF BOTH BOLIVAR AND WASHINGTON." ON HIS

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PAGE 02 CARACA 03707 082013Z

WAY BACK TO VENEZUELA PEREZ TOLD NEWSMEN HE FELT "PROUD AT HAVING

BEEN THE CRAFTSMAN OF THE AGREEMENT" (I.E., THE "DECLARATION OF PANAMA"). "BEFORE ANOTHER ANNIVERSARY OF THE CONGRESS OF PANAMA IS CELEBRATED WE WANT THE PROBLEM WITH THE UNITED STATES TO BE RESOLVED AND THE CANAL TO BE COMPLETELY IN PANAMANIAN HANDS." (CARACAS 3308) PEREZ HAS THUS STATED THAT HE EXPECTS A CANAL TREATY SATISFACTORY TO PANAMA WORKED OUT WITH THE US BY THIS SUMMER. (THE CONGRESS OF PANAMA TOOK PLACE JUNE 22 - JULY 15, 1826.)

2. WE THUS BELIEVE THAT PEREZ WOULD PUBLICLY EXPRESS HIS SATISFACTION IF A TREATY IS SIGNED AND BOTH SIDES BEGIN THE RATIFICATION PROCESS. WE DOUBT THAT PEREZ WOULD EXERT ANY PRESSURE ON THE US IN FAVOR OF RATIFICATION IF THE PROCESS APPEARED TO BE GOING SMOOTHLY.

3. IF A TREATY IS SIGNED, BUT THE US SENATE FAILS TO ACT ON IT FOR AN

EXTENDED PERIOD, PEREZ WOULD PRIVATELY MAKE KNOWN HIS CONCERN TO THE US GOVERNMENT. PUBLICLY HE WOULD URGE THE SENATE TO ACT AND PROBABLY HE WOULD CONCERT A PROPAGANDA CAMPAIGN, TOGETHER WITH PANAMA AND THAT COUNTRY'S OTHER ALLIES, IN THE HEMISPHERE AND PERHAPS ALSO IN THE THIRD WORLD TO EXERT PRESSURE ON THE US TO APPROVE THE TREATY. THESE EFFORTS WOULD PROBABLY ESCALATE IF DELAY IN APPROVAL WERE PROLONGED.

4. IF THE SENATE REFUSES TO APPROVE THE TREATY, OR IF THE TREATY TALKS BREAK DOWN, PEREZ WOULD MOST LIKELY SEIZE UPON THE ISSUE, MUCH AS HE DID THE OPEC EXCLUSION FEATURE OF THE TRA, AS AN IDEAL VEHICLE FOR ATTACKING THE US, FURTHERING HIS LEADERSHIP ROLE IN THE HEMISPHERE AGAINST US "COERCION" AND DEFLECTING LATIN ATTENTION AWAY FROM THE HIGH PRICE OF PETROLEUM--ALL OF WHICH MAKES GOOD DOMESTIC POLITICAL SENSE FOR PEREZ. AS THE EMBASSY HAS REPORTED (CARACAS 2668) PEREZ HAS BEEN ASSERTING FOR VENEZUELA BROAD LEADERSHIP IN LATIN AMERICAN POLITICAL AND ECONOMIC AFFAIRS, AND EXPANDING VENEZUELA'S INFLUENCE IN THE THIRD WORLD. IT IS LIKELY, THEREFORE, THAT PEREZ WOULD LOUDLY EXPLOIT FAILURE OF THE TREATY NEGOTIATIONS AS EVIDENCE OF US EFFORTS TO BLOCK LATIN AMERICAN ECONOMIC INTEGRATION AND INDEPENDENCE AND, BY EXTENSION, US OPPOSITION TO EFFORTS BY LDC'S WORLDWIDE TO CAST OFF THEIR DEPENDENCE UPON THE DEVELOPED NATIONS. PEREZ WOULD PROBABLY JOIN

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SECRET

PAGE 03 CARACA 03707 082013Z

TORRIJOS IN CALLING FOR A SPECIAL MEETING OF THE OAS AND, POSSIBLY, OF THE UN, AND PEREZ WOULD CERTAINLY USE THE ISSUE AS A CENTRAL THEME OF THE LA PRESIDENTS MEETING HE IS PROMOTING TO BE HELD IN CARACAS LATE THIS SUMMER.

5. IN OUR JUDGMENT, FAILURE TO OBTAIN AN ACCEPTABLE TREATY WOULD THEREFORE NOT ONLY GIVE IMPETUS TO VENEZUELAN EFFORTS TO PROMOTE GREATER LATIN AMERICAN SOLIDARITY BUT ALSO HAVE UNFAVORABLE REPER-

CUSSIONS ON US-VENEZUELAN BILATERAL RELATIONS. THE FIRST RESULT WOULD TEND TO CONFIRM THE VALIDITY OF PEREZ'S STRATEGY OF IDENTIFICATION WITH OPEC AND THE LDC'S, GIVE A BOOST TO THE CREATION OF SELA (OF WHICH PEREZ IS ONE OF THE PRIME MOVERS), HURT US IN THE OAS, AND PROBABLY COMPLICATE OUR LIFE IN THE UN AND OTHER INTERNATIONAL FORUMS BY HARDENING VENEZUELA'S ANTI-US POSITION ON ENERGY, TRADE AND DEVELOPMENT ISSUES, LOS MATTERS AND THE QUESTION OF COMMUNIST PARTICIPATION IN INTERNATIONAL ORGANIZATIONS.

6. AS TO OUR BILATERAL RELATIONS WITH VENEZUELA, FAILURE OF THE TREATY WOULD CREATE AN ISSUE JEOPARDIZING OUR DIALOGUE WITH THIS COUNTRY, WHICH IS PROGRESSING WELL; COULD PROVOKE POPULAR DEMONSTRATIONS AGAINST THE US EMBASSY; MIGHT TEND TO ERODE THE TRADITIONAL FRIENDSHIP BETWEEN US AND VENEZUELAN LABOR GROUPS (E.G., BY ENCOURAGING VENEZUELAN LABOR LEADERS TO FORM LA LABOR ORGANIZATIONS EXCLUDING THE US); AND COULD RESULT IN THE CLOSING DOWN OF THE US MILITARY GROUP IN VENEZUELA. WE ARE INCLINED TO BELIEVE THAT PEREZ WOULD NOT GO SO FAR OVER THE PANAMA CANAL ISSUE AS TO TAKE REPRISALS AGAINST THE US WHICH WOULD BE DAMAGING TO THE VENEZUELAN ECONOMY SUCH AS CREATING PROBLEMS IN THE SUPPLY OF ENERGY AND RAW MATERIALS TO THE US (E.G., REDUCTION OF PETROLEUM EXPORTS TO THE US) AS WELL AS OBSTACLES TO IMPORTANT LOCAL US INVESTMENTS (E.G., FURTHER NATIONALISTIC REGULATION OF US BUSINESSES); CURTAILING US IMPORTS INTO VENEZUELA AND DISCRIMINATING AGAINST US BIDDERS ON GOV DEVELOPMENTS PROJECTS SUCH AS THE GURI HYDRO-ELECTRIC PROJECT, THE CARACAS SUBWAY, AND EXPANSION OF THE STEEL AND PETROCHEMICAL INDUSTRIES. HOWEVER, FUTURE LARGE-SCALE US INVOLVEMENT IN SUCH MAJOR UNDERTAKINGS AS DEVELOPMENT OF THE ORINOCO PETROLEUM BELT COULD BE JEOPARDIZED.

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